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Singapore Management University

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# Corporate Evolution: From NGOs and Social Enterprises to ‘Good Companies’

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*Just a decade ago, would-be social entrepreneurs were laughed at by their peers for being overly idealistic, even romantic. NGOs, on the other hand, were often considered a thorn in the side of many corporates. Times are changing.*

Frequently seen as an alternative to the realities of hardcore corporate life, social entrepreneurship and its emphasis on giving back to society after a life of abundance, may well become a thing of the past, along with Non Government Organisations (NGOs), which often act as watchdogs of corporate and government policy and practice. Both will likely transition into and underpin new 'good companies'. At least that's the view of leading Singapore social entrepreneur, Jack Sim, the founder of the World Toilet Organisation (WTO).

Speaking at a recent SMU seminar, Sim said he expects the aggregation to take place because companies are conscious that they need to be seen as socially responsible, while social enterprises have realised that they need to be profitable to be sustainable.

As the world's population heads toward seven billion, more and more people are seeking to provide marginalised communities with the opportunities needed for a more prosperous life. Sim, for example, is currently establishing a 'BoP Hub' at WTO Singapore to address the needs of four billion people at the Bottom of the Pyramid (BoP) that survive on less than US\$2.50 a day, whose output represents one-third of the world's economy. The Hub acts as a trade centre for the poor in developing countries to formulate, cooperate and merge business solutions to transform emerging markets into vibrant marketplaces.

However, Sim maintains that there will come a day when NGOs and social enterprises will cease to exist due to "the convergence of the social and economic objectives of companies". To Sim, this merging of objectives means that, in the future, there will be no more NGOs or social entrepreneurs: "Only good companies".

Another factor that will make social entrepreneurship and NGOs obsolescent is the proliferation of social media, says Sim, citing the role of social media in the the revolution that ended Egypt's President Hosni Mubarak's 30-year rule on February 11, 2011.

Companies, he says, have learnt that they "have to be kind (or else) social media is going to topple them". He elaborates: "If you can overthrow governments, you can overthrow products, and even ... companies. And once there is a boycott (of the products) over a period of time, the company will have cash flow problems."

## Leadership lessons

For the corporate world to be "kind", Sim feels that the world needs more leaders who are quick to see "new patterns, decide on a new vision and challenge the status quo". However, while information and knowledge are freely available on the Internet, he says leadership and wisdom are the qualities most needed.

"If you want to be a leader, you have to be very adaptive, people-oriented, very entrepreneurial and able to mobilise people. The ability to mobilise people is very critical...if you get a lot of people to work on projects together because they enjoy working with you, you can succeed in life without doing it yourself," says Sim, who regards the WTO as an example of such collaborative efforts.

He recounts how he ran the WTO alone for seven years after it was established and still managed to get governments to support its cause despite the stigma associated with the toilet business. The support gave the organisation "legitimacy" and allowed it to expand its work. This year's World Toilet Day, on November 19 will reach more than one billion people around the world by getting celebrities and government officials to share their concerns about sanitation issues.

Sim, also known as Mr Toilet, had established 16 companies by the time he was 40. After attaining financial independence, he decided to devote the rest of his life to social work and when the 1997 Asian Financial Crisis struck, he decided it was time to step in.

He drew inspiration from a remark by then-Singapore Prime Minister Goh Chok Tong that clean public toilets are an indicator of a gracious society. He then set aside \$30,000 to start the Restroom Association (Singapore) to campaign for clean public toilets.

Three years later, he established WTO when he realised that there was no existing body to bring similar associations together to work on global concerns of human-waste management.

His current BOP HUB project at WTO aims to offer a place for social entrepreneurs to set up office and work on projects to help disadvantaged communities around the world.

Sim says that although many people think the WTO has many employees “it is actually a one-man show. The success of WTO shows that when people buy the idea that you are selling, it can become a reality”.